



DPTG/TPSA Settlement

CFO, GN Store Nord
VP, IR & Communications, GN Store Nord

Anders Boyer
Mikkel Danvold

Copenhagen, January 13, 2012



Background

- GN Store Nord has been involved in an arbitration case against Telekomunikacja Polska S.A. (TPSA) through its 75% share of DPTG I/S for more than 10 years
- The dispute concerns determination of traffic volumes carried over the NSL fiber optical telecommunication system in Poland
- According to the contract with TPSA, DPTG was entitled to receive 14.8% of net profits from NSL in the time period from 1994 - 2009
- On September 3, 2010, GN announced that DPTG was awarded DKK 2.9 billion, including accrued interest, for the time period 1994 to mid-2004 (Phase 1)
- On January 14, 2011, DPTG filed a claim of DKK 2.4 billion, including accrued interest for the time period mid-2004 to 2009 (Phase 2)



Settlement agreement between DPTG & TPSA of EUR 550 million

- On January 12, DPTG and TPSA has entered into a final settlement, where TPSA agrees to pay a total of EUR 550 million to DPTG as full and final payment
- As the agreement is a full and final settlement of the dispute it covers all claims related to both phase 1 and phase 2
- The amount will be transferred to DPTG in two payments
 - EUR 275 million will be transferred on January 13, 2012
 - The remaining EUR 275 million will be transferred to an escrow account with Nordea on January 13, 2012 and will be released to DPTG as soon as DPTG has initiated termination of ongoing enforcement proceedings
- GN is entitled to receive 75% of the final settlement equivalent to approximately DKK 3,060 million



Impact on the Financial Statements

- DKK 0.7 billion to be recognized above EBITA

- The part of the settlement not related to Phase 1 and accrued interests already taken as income will be booked in a separate line above EBITA in the financial statements for Q4 2011. The gross additional amount will partially be offset by legal expenses and other costs resulting in an income of around DKK 0.7 billion in Q4 2011 before tax
- Consequently, the EBITA guidance for "Other" and for the Group is adjusted as follows:

EBITA Guidance

	Prior guidance (MDKK)	New guidance (MDKK)
GN ReSound	425-475 (low end of range)	425-475 (low end of range)
GN Netcom	275-325 (high end of range)	275-325 (high end of range)
Other	~ (30)	~ 675
GN Store Nord	675-775 (low/mid end of range)	1,375-1,475 (low/mid end of range)

- Guidance on "Amortization, Finance etc." is adjusted from previously "DKK 0-(25) million" to "DKK (25)-(50) million"



Tax and cash flow effect

- The settlement amount is subject to the Danish corporate tax rate of 25%. However, as previously communicated in connection with the award for Phase 1 in September 2010, GN has certain tax losses carried forward
- The cash effect for GN is thus expected to be around DKK 2.5 billion net of tax and related expenses, which have not yet been paid



Utilization of the Proceeds (I)

- Based on the settlement GN intends to buy back shares amounting to DKK 1.3 billion with the purpose to reduce the company's share capital
- Acting under the current authorization granted by the shareholders to acquire up to 15% of the company's shares, the buyback program will be initiated upon collection of the first payment. Contingent upon granted authorization at the Annual General Meeting in March 2012, the share buyback program will continue thereafter
- GN currently holds 15,385,501 own shares corresponding to 7.4% of the total share capital
- At the Annual General Meeting on March 22, 2012, a proposal to cancel shares not held for hedging long-term incentive programs will be put forward



Utilization of the Proceeds (II)

- The remaining DKK 1.2 billion will initially be utilized to repay the current debt of the company
- GN's capital structure policy (net debt up to a maximum of two times EBITDA) remains unchanged
 - GN's long term policy continues to be to distribute excess cash to shareholders
 - Once the initial share buyback program of DKK 1.3 billion have been completed, GN will evaluate whether or not to launch another share buyback program returning further funds to our shareholders



Thank you

Q&A